



DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

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Brian Schweitzer
GOVERNOR

Anna Whiting Sorrell
DIRECTOR

STATE OF MONTANA

(406) 444-1788
FAX (406) 444-2547

Human and Community Services Division
PO Box 202925
HELENA, MT 59620-2925

ANNUITIES

What is an annuity?

An "annuity" is a type of insurance in which a person receives a series of payments over a set amount of time.

Do annuities "count"?

Most annuities count as resources in determining Medicaid eligibility.

What annuities do not 'count' as resources in determining Medicaid eligibility?

In order to be excluded as a resource, an annuity must meet all of the following criteria:

- It must be owned by the Medicaid applicant/recipient or by an aged, blind or disabled spouse when either BOTH are institutionalized or NEITHER is institutionalized or applying for/receiving Medicaid waiver.
- It must have been annuitized. This means that the annuity must pay out periodically over a set period of time. Annuities that have not been annuitized are normally available as lump sums.
- The periodic scheduled payments are being made on at least an annual basis or more often.
- The payment schedule calls for equal payments; no balloon payments are allowed.
- The payment schedule is "actuarially sound." This means that equal payments must be based on the contract paying out in full within the owner's life expectancy according to Montana Medicaid life expectancy table.
- The annuity is irrevocable and cannot be changed. An annuity which charges a penalty in order to make changes is NOT irrevocable and the annuity counts as a resource.
- The annuity contract and payments cannot be assigned to a third party.

If all of these criteria are met, the annuity may be an excluded resource and the periodic payments are countable income. If any of the criteria are not met, the annuity is a countable resource and the periodic payments are not treated as income.

Can I transfer money into an annuity to qualify for Medicaid?

Probably not. Most annuities are countable resources in making Medicaid determinations. Purchasing an annuity that is inaccessible is often treated as an uncompensated asset transfer, which frequently results in a penalty period during which the applicant is ineligible for Medicaid to cover nursing home and other long-term care services. There are, however, some instances where purchase of an annuity with funds in an IRA or certain other retirement plans may be excluded as a resource and not result in an uncompensated asset transfer penalty. It is important to be careful and determine how Medicaid would treat such a purchase before making the purchase.

How do I provide verification of the value of my annuity?

- Your COMPLETE annuity contract is required in order to accurately verify the value of your annuity.
- If the annuity company will not provide you with a copy of your contract, please contact the MT Commissioner of Securities and Insurance (<http://www.csi.mt.gov/>) at 1-800-332-6148 (local in Helena 444-2040) and ask to speak to someone in Policy Holder Services about an annuity problem. Policy Holder Services staff will contact the company and help them understand their obligations and requirements under Montana law. If the company is still difficult, the Insurance Commissioner's office will refer the issue to their legal staff for legal action against the company.

How do I sell my annuity?

- If you decide that selling your annuity is the best option, there are many companies which purchase annuities.
- Companies that purchase annuities advertise in the media. Companies which purchase annuities can also be found on the Internet by searching the phrase "sell an annuity". This will give you hundreds of options to choose from. Most companies offer the opportunity to submit information for an offer over the Internet or by phone, which can help speed up the process. A list of examples of companies that will provide quotes for annuities is listed below.
- DO NOT PAY FOR AN OFFER-- Beware that some companies and services offer to "sell" the owner of an annuity a letter or letters refusing to purchase their annuity. Any offers or refusals which are "purchased" are not accepted as legitimate documents. Do not pay "fees" to companies to give you offers or refusals!
- The highest offer you receive will determine the true fair market value of the annuity. If you receive no offers, you must provide four refusals that agree on the reason for the refusal in order for the annuity value to be treated as inaccessible and not be counted in the Medicaid resource determination. All responses must be from companies who are in the business of purchasing annuities; statements from others indicating there is no market, that the annuity isn't saleable, etc., will not be accepted.
- As is the case in other asset transfers, please be sure that you receive adequate compensation for your annuity to avoid an uncompensated asset transfer penalty.

Examples of companies that purchase annuities:

There are hundreds of companies that purchase annuities and structured settlements. Often, they are purchasing the *income* from the annuities, not the contracts themselves. There are many more companies than this list of examples. The Department of Public Health and Human Services does not endorse or guarantee any of the companies listed above. This is a list of examples only. The Department recommends that individuals with annuities do their own personal research before selling an annuity. The Internet is a good place to start, by typing "sell an annuity" in your search engine. You may pick as many companies as you wish. Most will give free quotes by phone or over the Internet. All offers or refusals from companies must be in writing. Again, beware of companies that want to charge you money for either quotes or refusal letters; these will not be accepted by the Department.

- Annuity Transfers www.annuitytransfers.com 1-888-638-0900
- J. G. Wentworth www.jgwentworth.com 1-866-433-8610
- Patriot Settlement www.patriotstelement.com 1-866-506-2274
- Peachtree Financial.com www.PeachtreeFinancial.com 1-888-692-3185
- QUOTEMEAPRICE.com www.quotemeaprice.com 1-888-888-5322
- Settlement Quotes www.structuredsettlement-quotes.com 1-888-665-1257

- Structured Settlement Lump Sum www.structuredsettlementlumpsum.com 1-866-817-0345
- Woodbridge Structured Funding, LLC www.woodbridgeinvestments.com 1-866-865-7044

This information is current as of 9/1/2010. Medicaid policies can and do change, and it is the responsibility of the facility and applicant to verify the most current policies when working towards establishing Medicaid eligibility.